

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 01-0032P**

**Use Tax**

**Calendar Years 1997, 1998, and 1999**

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer protests the penalty assessed on an audit completed on August 29, 2000.

Taxpayer is incorporated in Indiana. Taxpayer was assessed a negligence penalty because it failed to have a use tax accrual system in place.

I. **Tax Administration** – Penalty

**DISCUSSION**

At issue is whether the taxpayer was negligent in failing to remit use tax due.

Taxpayer failed to remit use tax on clearly taxable items and had no use tax accrual system in place. Taxpayer states that it was in a significant growth project and misunderstood that the assets acquired would not be considered used directly in the production process and therefore not exempt. Taxpayer requests an abatement of penalties.

Taxpayer has not provided reasonable cause for failing to comply with Indiana Sales and Use Tax statutes. Failure to make itself aware of Indiana tax laws when doing business in the state is considered negligent.

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**FINDING**

Taxpayer's protest is denied.

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